

Message Text

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53

ACTION ARA-10

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AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 EB-07 FRB-03

H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

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O R 111235Z DEC 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 2904

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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DEPT FOR ARA/PAF

E.O.11652: N/A

TAGS: ETRD, BR

SUBJECT: GSP AND BRAZIL

43*: A. STATE 277467 B. BRASILIA 10239 C. BRASILIA 10288

1. SUMMARY: EMBASSY REQUESTS CLARIFICATION AND EXPLANATION SOONEST OF EXCLUSION OF CERTAIN BRAZILIAN PRODUCTS FROM EFFECTIVE GSP TREATMENT, AFTER WASHINGTON INDICATED IN REFTEL (A) THAT THEY WERE TO RECEIVE SUCH TREATMENT. REFTEL (A) INDICATED 19 OF 22 BRAZILIAN PRIORITY ITEMS WOULD RECEIVE "GSP STATUS," AND THIS INFORMATION HAS BEEN WIDELY PUBLICIZED. GSP LIST, PAGES 53-58, INDICATES 5 OF THESE 19 WILL NOT BE ELIGIBLE FOR DUTY-FREE TREATMENT WHEN SHIPPED FROM BRAZIL. IF THESE 5 ARE EXCLUDED, EXPLANATION OF THIS CHANGE OR ERROR WILL BE DIFFICULT. END SUMMARY.

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2. ACCORDING TO REFTEL (A) ALL 11 ITEMS REQUESTED BY GOB

FOR INCLUSION IN GSP LIST DURING FIRST MEETING OF BI-LATERAL CUNSLATIVE SUB-GROUP ON TRADE HELD IN BRASILIA OCTOBER 8-9, 1975, WERE GRANTED GSP TREATMENT. HOWEVER, EMBASSY HAS RECEIVED COPY OF U.S. GSP LIST WHICH SPECIFIES (ON PAGES 53 THROUGH 58) THAT 2 OF THESE 11 PRODUCTS WHEN SHIPPED FROM BRAZIL ARE NOT INTITLED TO DUTY-FREE TREATMENT BY VIRTUE OF THE PROVISIONS OF THE SECTION 504 (C) OF THE TRADE ACT OF 1974. THESE TWO PRODUCTS ARE TSUS 240.10 LOYWOOD WITH A FACE OF SPANISH CEDAR AND TSUS 240.12 PLYWOOD WITH A FACE OF PARANA PINE. IN ADDITION REFTEL (A) STATED THAT OF THE 11 PRODUCTS WHICH GOB SINGLED OUT FOR PRIORITY CONSIDERATION FOR GSP TREATMENT IN ITS AIDE-MEMOIRE OF OCTOBER 1, 1975, 8 ARE INCLUDED. U.S. GSP LIST (PAGES 53-58) INDICATES THAT 3 OF THE 8 PRODUCTS ARE EXCLUDED FOR BRAZIL. THESE 3 ARE: TSUS 730.27 FIFLES VALUED OVER \$10.00 BUT NOT OVER \$25.00, EACH, TSUS 730.39 SHOTGUNS VALUED OVER \$5.00 BUT NOT OVER \$10.00, AND TSUS 730.41 SHOTGUNS VALUED OVER \$10.00 BUT NOT OVER \$25.00 EACH.

3. IN A MAJOR EFFORT TO PUBLICIZE GSP, EMBASSY AND CONSULATES HAVE WIDELY CIRCULTED STATEMENT THAT 19 OF BRAZIL'S PRIORITY ITEMS WERE APPROVED FOR GSP. THE LIST OF THE 19 PRODUCTS HAS BEEN GIVEN TO CABINET OFFICERS AND THE PRESS.

4. EMBASSY REQUESTS CLARIFICATION SOONEST CONCERNING ICLUSION OR EXCLUSION OF THESE 5 PRODUCTS FROM U.S. GSP VIS-A-VIS BRAZIL. COMPUTER PRINTOUT DATED NOVEMBER 21, 1975, WHICH SHOWS U.S. IMPORTS FROM BRAZIL IN 502 OF THE GSP CATEGORIES SHOWS THAT THE 5 CATEGORIES IN QUESTION INVOLVE TRADE OF LESS THAN 2 MILLION DOLLARS IN EACH CATEGORY, HOWEVER, IN ALL OF THESE 5 CATEGORIES THE PERCENTAGE FIGURE IS GREATER THAN 50 PERCENT. THIS PERCENTAGE, UNDOUBTEDLY, REFERS TO SECTION 504 (C) (1) (B) OF THE TRADE ACT OF 1974, ALTHOUGH IT IS NOT EXPLICITLY INDICATED ON COMPUTER PRINTOUT.

5. COMMENT: EMBASSY SURMISES THAT ERROR OCCURRED WHEN BRAZIL'S 22 PRIORITY ITEMS WERE CHECKED ONLY AGAINST THE GENERAL GSP LIST AND NOT AGAINST BOTH "COMPETITIVE NEED" CRITERIA. GIVEN THE GSP LIST AND THE COMPUTER PRINTOUT LIMITED OFFICIAL USE

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INFORMATION RECEIVED. EMBASSY ASSUMES THAT THE FIVE TIEMS WILL BE EXCLUDED FROM GSP BECAUSE THAT SEEMS TO BE CONSISTENT WITH THE LAW. HOWEVER, (1) SINCE WE HAVE ALREADY INFORMED BRAZILIAN OFFICIALS AND THE PRESS THAT THE ITEMS WERE INCLUDED BASED ON REFTEL (A), AND (2) SINCE THREE OF THE PRODUCT CATEGORIES INVOLVED 1974 TRADE OF LESS THAN \$10,000, WE ANTICIPATE SOME DIFFICULTIES IN EXPLAINING EXCLUSION TO GOB. WOULD APPRECIATE DEPARTMENT'S GUIDANCE.

CRIMMINS

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